
FARM SECURITY AND RURAL INVESTMENT ACT OF 2002--CONFERENCE REPORT
-- (Senate - May 08, 2002)

COMMENTS OF SEN. LEAHY ON THE DAIRY MARKET LOSS PROGRAMS

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Mr. LEAHY. Mr. President, as one of seven conferees representing the Senate, I rise today to speak in support of the conference report and urge my colleagues to vote in support of this bill. This farm bill will assist America's family farmers, expand economic opportunity in rural communities, strengthen programs to protect the environment and improve the nutritional safety net for low-income Americans. But one aspect of this new bill that makes it historic is the fact that, for the first time in a long, long, time, dairy farmers across our nation will have an adequate safety net that they can count on to provide income support should prices remain low.

[Portions Excerpted]

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A significant feature of the new national dairy program is that it will be retroactive, covering market losses due to low prices since Dec. 1, 2001. On that date, there was a devastating drop in the price for Class I fluid milk. Producers should receive these retroactive payments at the same time they receive their first payments early this fall.

This "transition rule" found in subsection (h), provides that those payments are "[i]n addition to any payment that is otherwise available under this section . . ."

As I pointed out more than once during discussions, the goal of this subsection is to address the steep drop in dairy prices to farmers starting in December, 2001. The benefits of the Northeast Interstate Dairy Compact ended on October 1, 2001. The adverse impact of that termination started hurting New England farmers during that crash in milk prices in December.

The goal of subsection (h) for those farmers was to hold them harmless regarding the loss of the Congressional consent to the Compact. A second goal, since this now is a national program, is to compensate all dairy farmers for their market losses--not just New England farmers--since December 1, 2001.

Of course, that is a different goal than the prospective "monthly" program which provides monthly payments, for future months when they are due, and operates until September 30, 2005. That prospective program has a 2.4 million pound cap as set forth in (d). Indeed, (d)(2) "Limitation," states that, "The payment quantity for all producers on a single dairy operation during the months of the applicable fiscal year for which the producers receive payments under subsection (b) shall not exceed 2,400,000 pounds."

In addition, (d)(2) sets forth a limitation regarding each dairy operation and (d)(3) gives the Secretary authority to issue rules to ensure that producers do not reconstitute dairy operations for the sole purpose of receiving additional payments under this section.

This "limitations" language was inserted out of a concern that an uncapped program would lead to significant increases in production of milk. Also, there was a concern that farmers would reorganize in the future just to get higher payments under the national program.

These concerns do not apply to the benefits paid out under subsection (h) because farmers would need time machines to go back in the past and increase their production or to change their legal structure retrospectively. Indeed, the amount of production covered by (h) is the amount of "eligible production" as defined in section 1502(a)(2).

This approach to those dairy market losses in a sense makes up for the fact that programs for others farmers, non-dairy farmers, continued to exist after September 30, 2001, and were to be continued until the 1996 farm bill was to end on September 30, 2002. Thus, non-dairy farmers continued to receive some types of countercyclical, or other benefits, from the existing provisions of the 1996 farm bill. Dairy farmers did not enjoy those protections except for the price support program scheduled to end soon.

Thus, subsection (h) gives dairy farmers some relief from the huge drop in milk prices which they have suffered since December 1, 2001. In order to allow these farmers to pay off their debts, pay their bills, and keep in the dairy farming business, it is hoped that USDA will quickly compute the "transition" payment to be made on the "quantity of eligible production of the producer marketed during the period beginning on December 1, 2001, and ending on the last day of the month preceding the month the producers on the dairy farm entered into the contract [with USDA]." These payments should be made with the first "monthly" prospective checks to be issued under subsection (b).

[Portions excerpted]

I urge my colleagues to vote for this conference report.